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Attorney for Plaintiff

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

ROCK VILLANUEVA, Individually
and on Behalf of All Others Similarly
Situating,

Plaintiff,

v.

GIGACLOUD TECHNOLOGY INC,
LARRY LEI WU, KWOK HEI DAVID
LAU, XIN WAN, FRANK LIN, XING
HUANG, and AEGIS CAPITAL
CORP.,

Defendants.

Case No.

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS**

DEMAND FOR JURY TRIAL

1 Plaintiff Rock Villanueva (“Plaintiff”), individually and on behalf of all
2 others similarly situated, by and through Plaintiff’s attorneys, alleges the following
3 upon information and belief, except as to those allegations concerning Plaintiff,
4 which are alleged upon personal knowledge. Plaintiff’s information and belief is
5 based upon, *inter alia*, the investigation conducted by Plaintiff’s counsel, which
6 includes without limitation: (a) review and analysis of regulatory filings made by
7 GigaCloud Technology Inc (“GigaCloud” or the “Company”) with the United
8 States (“U.S.”) Securities and Exchange Commission (“SEC”); (b) review and
9 analysis of press releases and media reports issued by and disseminated by
10 GigaCloud; and (c) review of other publicly available information concerning
11 GigaCloud.
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16 **NATURE OF THE ACTION**

17 1. This is a class action on behalf of persons and entities that purchased
18 or otherwise acquired GigaCloud: (a) Class A ordinary shares pursuant and/or
19 traceable to the registration statement and prospectus (collectively, the
20 “Registration Statement”) issued in connection with the Company’s August 2022
21 initial public offering (“IPO” or the “Offering”); and/or (b) securities between
22 August 18, 2022 and September 27, 2023, inclusive (the “Class Period”). Plaintiff
23 pursues claims under the Securities Act of 1933 (the “Securities Act”) and the
24 Securities Exchange Act of 1934 (the “Exchange Act”).
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1 2. GigaCloud is a holding company which, through its subsidiaries,
2 offers an end-to-end ecommerce platform for global trade services of heavy and
3 large products, primarily furniture. The Company’s ecommerce platform, which it
4 refers to as the “GigaCloud Marketplace,” integrates discovery, payments and
5 logistics tools to connect manufacturers, primarily in Asia, with resellers, primarily
6 in the U.S., Asia and Europe, to execute cross-border transactions, then executes
7 delivery and sale through a network of warehouses up to and including last-mile
8 delivery to the customer.

9 3. On August 19, 2022, the Company filed its prospectus on Form 424B4
10 with the SEC, which forms part of the Registration Statement. In the IPO, the
11 Company sold 3,381,000 Class A ordinary shares at \$12.25 per share. The
12 Company received net proceeds of approximately \$34.2 million from the IPO. The
13 proceeds from the IPO were purportedly to be used for general corporate purposes,
14 including working capital, operating expenses, and capital expenditures.

15 4. On September 28, 2023, before the market opened, Culper Research
16 published a report titled “GigaCloud Technology Inc (NASDAQ:GCT): If It’s Too
17 Good To Be True...” (the “Report”), alleging “numerous glaring flaws” in
18 GigaCloud’s public reporting. For example, the Report stated that while
19 GigaCloud “claims to run 14 U.S. warehouses,” the Company “discloses just 73
20 employees in the entire U.S., implying just 5 employees per warehouse.” The

1 Report also alleged that “GigaCloud’s marketing materials utilize photoshopped
2 stock photos to portray itself as a highly efficient, growing operation,” but that
3 Culper Research’s investigators visited some of the Company’s warehouses and
4 discovered little activity. Further, the Report alleges that Culper Research
5 uncovered “numerous entities which are neither named subsidiaries nor disclosed
6 as GCT related parties” whose conduct at the very least “suggests undisclosed
7 related party issues.”
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10 5. On this news, the Company’s share price fell \$1.78, or more than 18%,
11 to close at \$7.69 per share on September 28, 2023, on unusually heavy trading
12 volume.
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14 6. By the commencement of this action, GigaCloud’s shares have closed
15 as low as \$4.27 per share, a 65% decline from the \$12.25 per share IPO price.
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17 7. In the Registration Statement and throughout the Class Period,
18 Defendants made materially false and/or misleading statements, as well as failed to
19 disclose material adverse facts about the Company’s business, operations, and
20 prospects. Specifically, Defendants failed to disclose to investors: (i) that the
21 Company’s business is a fraction of what it publicly claims, as evidenced by
22 staffing and activity levels at its warehouses; (ii) that the Company overstated its
23 last-mile operations; (iii) that the Company engaged in undisclosed related party
24 transactions; (iv) that, as a result, the Company’s financial results were overstated;
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1 and (v) that, as a result of the foregoing, Defendants' positive statements about the
2 Company's business, operations, and prospects were materially misleading and/or
3 lacked a reasonable basis.
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5 8. As a result of Defendants' wrongful acts and omissions, and the
6 precipitous decline in the market value of the Company's securities, Plaintiff and
7 other Class members have suffered significant losses and damages.
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9 **JURISDICTION AND VENUE**

10 9. The claims asserted herein arise under and pursuant to Sections 11 and
11 15 of the Securities Act (15 U.S.C. §§ 77k, 77o), Sections 10(b) and 20(a) of the
12 Exchange Act (15 U.S.C. §§ 78j(b), 78t(a)) and Rule 10b-5 promulgated thereunder
13 by the SEC (17 C.F.R. § 240.10b-5).
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16 10. This Court has jurisdiction over the subject matter of this action
17 pursuant to 28 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v)
18 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).
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20 11. Venue is proper in this Judicial District pursuant to 28 U.S.C. §
21 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial
22 acts in furtherance of the alleged fraud or the effects of the fraud have occurred in
23 this Judicial District. Many of the acts charged herein, including the dissemination
24 of materially false and/or misleading information, occurred in substantial part in
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1 this Judicial District. In addition, the Company’s principal executive offices are in
2 this Judicial District.

3
4 12. In connection with the acts, transactions, and conduct alleged herein,
5 Defendants directly and indirectly used the means and instrumentalities of
6 interstate commerce, including the U.S. mail, interstate telephone communications,
7 and the facilities of a national securities exchange.
8

9 **PARTIES**

10 13. Plaintiff, as set forth in the accompanying Certification, incorporated
11 by reference herein, purchased or otherwise acquired GigaCloud Class A ordinary
12 shares pursuant and/or traceable to the Registration Statement issued in connection
13 with the Company’s IPO and/or GigaCloud securities during the Class Period, and
14 suffered damages as a result of the federal securities law violations and false and/or
15 misleading statements and/or material omissions alleged herein.
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18 14. Defendant GigaCloud is a Hong Kong-based company, incorporated
19 under the laws of the Cayman Islands, with its principal executive offices located
20 in Walnut, California. GigaCloud’s Class A ordinary shares trade on the Nasdaq
21 Stock Market (“NASDAQ”) under the symbol “GCT”.
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24 15. Defendant Larry Lei Wu (“Wu”) was, at all relevant times, the Chief
25 Executive Officer (“CEO”) and Chairman of the Board of Directors of the
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1 Company, and signed or authorized the signing of the Company's Registration
2 Statement filed with the SEC.

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4 16. Defendant Kwok Hei David Lau ("Lau") was, at all relevant times,
5 the Chief Financial Officer ("CFO") of the Company and signed or authorized the
6 signing of the Company's Registration Statement filed with the SEC.

7
8 17. Defendants Wu and Lau (collectively, the "Exchange Act Individual
9 Defendants"), because of their positions with the Company, possessed the power
10 and authority to control the contents of the Company's reports to the SEC, press
11 releases and presentations to securities analysts, money and portfolio managers and
12 institutional investors, *i.e.*, the market. The Exchange Act Individual Defendants
13 were provided with copies of the Company's reports and press releases alleged
14 herein to be misleading prior to, or shortly after, their issuance and had the ability
15 and opportunity to prevent their issuance or cause them to be corrected. Because
16 of their positions and access to material non-public information available to them,
17 the Exchange Act Individual Defendants knew that the adverse facts specified
18 herein had not been disclosed to, and were being concealed from, the public, and
19 that the positive representations which were being made were then materially false
20 and/or misleading. The Exchange Act Individual Defendants are liable for the false
21 statements pleaded herein.
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1 18. Defendant Xin Wan (“Wan”) was, at all relevant times, Chief
2 Technology Officer (“CTO”) of the Company and signed or authorized the signing
3 of the Company’s Registration Statement filed with the SEC. Defendant Wan also
4 served as the Company’s Executive Director from November 2020 until August
5 16, 2023.
6

7 19. Defendant Frank Lin (“Lin”) was a Director of the Company and
8 signed or authorized the signing of the Company’s Registration Statement filed
9 with the SEC.
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11 20. Defendant Xing Huang (“Huang”) was a Director of the Company and
12 signed or authorized the signing of the Company’s Registration Statement filed
13 with the SEC.
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15 21. Defendants Wu, Lau, Wan, Lin, and Huang are collectively referred
16 to hereinafter as the “Securities Act Individual Defendants.”
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18 22. Defendant Aegis Capital Corp. (“Aegis Capital” or “Underwriter
19 Defendant”) served as an underwriter for the Company’s IPO. In the IPO, Aegis
20 Capital agreed to purchase 2,940,000 shares of the Company’s ordinary shares,
21 exclusive of the over-allotment option.
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SUBSTANTIVE ALLEGATIONS

Background

23. GigaCloud is a holding company which, through its subsidiaries, offers an end-to-end ecommerce platform for global trade services of heavy and large products, primarily furniture. The Company's ecommerce platform, which it refers to as the "GigaCloud Marketplace," integrates discovery, payments and logistics tools to connect manufacturers, primarily in Asia, with resellers, primarily in the U.S., Asia and Europe, to execute cross-border transactions, then executes delivery and sale through a network of warehouses up to and including last-mile delivery to the customer.

Materially False and/or Misleading Statements Issued In The Registration Statement and Prospectus

24. On July 8, 2022, the Company filed a Form F-1 with the SEC which forms part of the Registration Statement. On August 1, 2022, the Company filed a Form F-1/A, its final amendment to its F-1 Registration Statement. The Company's Registration Statement was declared effective on August 17, 2022.

25. On August 19, 2022, the Company filed its prospectus on Form 424B4 with the SEC, which forms part of the Registration Statement. In the IPO, the Company sold 3,381,000 Class A ordinary shares at a price of \$12.25 per share. The Company received net proceeds of approximately \$34.2 million from the IPO.

1 The proceeds from the IPO were purportedly to be used for general corporate
2 purposes, including working capital, operating expenses, and capital expenditures.

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4 26. The Registration Statement was negligently prepared and, as a result,
5 contained untrue statements of material facts or omitted to state other facts
6 necessary to make the statements made not misleading, and was not prepared in
7 accordance with the rules and regulations governing its preparation.
8

9 27. Under applicable SEC rules and regulations, the Registration
10 Statement was required to disclose known trends, events or uncertainties that were
11 having, and were reasonably likely to have, an impact on the Company's continuing
12 operations.
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14 28. Specifically, the Registration Statement stated that the Company had
15 "21 warehouses in the U.S., Japan, the U.K. and Germany, totaling over four
16 million square feet" including "three key operating centers in California, Georgia
17 and New Jersey." The Registration Statement asserts the Company has "*the*
18 *capability to reach over 90% of customers in the lower 48 states in the U.S. within*
19 *an average of three days of delivery time.*"¹
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22 29. The Registration Statement describes these facilities as well-staffed:
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24 We believe that *our facilities are sufficient to meet our current needs.*
25 *We intend to add new facilities or to expand our existing facilities as*
26 *we add employees and expand our operations.* We believe that

27 ¹ All bold and italicized emphases herein are added unless otherwise noted.
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1 additional space that is suitable for our needs will be available as
 2 needed to accommodate any such expansion of our operations.

3 30. The Registration Statement asserts that, despite the Covid-19
 4 pandemic, they have seen increased revenue and order activities such that “*to serve*
 5 *the increased orders, we have hired and are continuing to hire additional*
 6 *warehouse staff and sales and marketing staff.*”

7
 8 31. The Registration Statement sets out that “[w]e expect to continue to
 9 procure inventories *and invest in additional warehouses and logistics*
 10 *infrastructure* to further expand our business” and describes how their business
 11 model is “[u]nderpinned by a network of strategically-placed warehouses and
 12 *supply chain capabilities[.]*”

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 15 32. The Registration Statement describes the close connection between
 16 their warehousing and revenue:

17
 18 We operate warehouses in four countries across North America, Europe
 19 and Asia, with the U.S. being our largest market. *Our international*
 20 *activities are significant to our revenues and profits*, and we plan to
 21 further expand internationally.

22 33. The Registration Statement further states that GigaCloud revenue is
 23 primarily derived from “product sales and services.”

24 Our revenues, which consisted of service revenue generated from
 25 GigaCloud 3P and *product revenue generated from GigaCloud 1P* and
 26 off-platform ecommerce sales, increased by 19.0% from \$94.5 million
 27 in the three months ended March 31, 2021 to \$112.4 million in the three
 28 months ended March 31, 2022. This increase was primarily due to
 continued increase in market demand for large parcel merchandise,
 leading to increased number of sellers who listed merchandise and

1 numbers of buyers who procured large parcel merchandise in our
2 GigaCloud Marketplace.

3 34. Specifically, GigaCloud's "1P" revenue is derived from direct product
4 sales when "we [the Company] sell our merchandise to our customers, who are the
5 buyers of the GigaCloud Marketplace."
6

7 35. The Registration Statement sets this out more fully, asserting that from
8 2019-2021 and the three months ended March 31, 2021 and 2022:
9

- 10 • We generated total revenues of \$122.3 million, \$275.5 million,
11 \$414.2 million, \$94.5 million and \$112.4 million, respectively,
12 representing 125.3% and 50.4% year-over-year growth in 2020 and
13 2021, respectively, and 19.0% period-over-period growth in the
14 three months ended March 31, 2022;
- 15 • We generated gross profit of \$22.2 million, \$75.1 million, \$89.6
16 million, \$20.9 million and \$16.9 million, respectively, representing
17 18.1%, 27.3%, 21.6%, 22.1% and 15.0% of total revenues,
18 respectively;
- 19 • Our net income was \$2.9 million, \$37.5 million (restated), \$29.3
20 million, \$8.0 million (restated) and \$4.7 million, respectively; and
- 21 • Our Adjusted EBITDA was \$4.9 million, \$45.5 million, \$48.0
22 million, \$10.0 million and \$6.9 million, respectively.

23 36. The Registration Statement asserts the Company maintains a
24 competitive advantage because:
25

26 ***We have artificial intelligence software, or AI, that generates seller***
27 ***ratings and credit profiles through volume data.*** Additionally, ***our AI***
28 ***optimizes routing*** by organizing incoming orders and rebalancing
inventory levels within our warehousing network. Our software
platform includes flexible trading tools with which sellers can set prices
based on quantities, delivery dates and fulfillment methods, and buyers
have the option to purchase merchandise individually or in bulk.

1 37. Finally, the Registration Statement sets out the Company’s “Code of
2 Ethics and Corporate Governance” which states, “our board of directors has
3 adopted a set of corporate governance guidelines covering a variety of matters,
4 including approval of related party transactions.” The Registration Statement goes
5 on to detail the “Corporate Structure” thusly:
6

7 As of the date of this prospectus, we conduct our business operations
8 across 13 subsidiaries and seven consolidated VIEs, among those, eight
9 of which are our principal subsidiaries and four of which are our
10 principal consolidated VIEs. We also have two equity incentive trusts
11 which are treated as consolidated VIEs under U.S. GAAP.

12 38. The Registration Statement was materially false and misleading and
13 omitted to state: (i) that the Company’s business is a fraction of what it publicly
14 claims, as evidenced by staffing and activity levels at its warehouses; (ii) that the
15 Company overstated its last-mile operations; (iii) that the Company engaged in
16 undisclosed related party transactions; (iv) that, as a result, the Company’s financial
17 results were overstated; and (v) that, as a result of the foregoing, Defendants’
18 positive statements about the Company’s business, operations, and prospects were
19 materially misleading and/or lacked a reasonable basis.
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21 **Materially False and Misleading Statements Issued During the Class Period**
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23 39. The Class Period begins on August 18, 2022. On that day,
24 GigaCloud’s ordinary shares began publicly trading pursuant to the Registration
25 Statement, including the statements identified in ¶¶ 28-37.
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40. On September 30, 2022, GigaCloud announced its unaudited financial results for the quarter and six months ended June 30, 2022 in a press release submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“2Q22 Financial Results”). The 2Q22 Financial Results stated in relevant part:

Second Quarter 2022 Financial Highlights

- ***Total revenues were \$124.0 million in the second quarter of 2022, an increase of 11.0% from \$111.8 million in the second quarter of 2021.***
- Net income was \$6.1 million in the second quarter of 2022, compared to \$13.6 million in the second quarter of 2021.
- Adjusted EBITDA[] was \$7.8 million in the second quarter of 2022, compared to \$16.6 million in the second quarter of 2021

* * *

Operational Highlights

- ***GigaCloud Marketplace GMV was \$458.8 million in the 12 months ended June 30, 2022, an increase of 43.8% from \$319.2 million in the 12 months ended June 30, 2021.***
- Active 3P sellers were 452 in the 12 months ended June 30, 2022, an increase of 67.4% from 270 in the 12 months ended June 30, 2021.
- ***Active buyers were 4,061 in the 12 months ended June 30, 2022, an increase of 58.9% from 2,555 in the 12 months ended June 30, 2021.***
- Spend per active buyer was \$112,987 in the 12 months ended June 30, 2022, a decrease of 9.5% from \$124,915 in the 12 months ended June 30, 2021.

- ***3P seller GigaCloud Marketplace GMV was \$196.7 million in the 12 months ended June 30, 2022, an increase of 71.1% from \$114.9 million in the 12 months ended June 30, 2021***

Second Quarter 2022 Financial Results

Revenues

Total revenues were \$124.0 million in the second quarter of 2022, increased by 11.0% from \$111.8 million in the second quarter of 2021. The increase was primarily due to an increase in service revenue from GigaCloud 3P and product revenue from GigaCloud 1P, partially offset by the decrease in product revenue from off-platform ecommerce.

- Service revenue from GigaCloud 3P was \$32.8 million in the second quarter of 2022, increased by 39.4% from \$23.6 million in the second quarter of 2021. The increase was primarily due to an increase in revenues from last-mile delivery fees and fulfillment fees for other freight services such as delivery of products via ocean transportation.

- ***Product revenue from GigaCloud 1P was \$60.7 million in the second quarter of 2022, increased by 15.4% from \$52.6 million in the second quarter of 2021. The increase was primarily due to an increase in number of active buyers and better selection of products catering to buyers' preference.***

- Product revenue from off-platform ecommerce was \$30.5 million in the second quarter of 2022, decreased by 14.4% from \$35.6 million in the second quarter of 2021. The decrease was primarily due to an overall decrease in sales on certain third-party off-platform ecommerce as consumer demand slowed down on such third-party off-platform ecommerce.

41. On November 30, 2022, GigaCloud announced its unaudited financial results for the quarter and nine months ended September 30, 2022 in a press release

submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“3Q22 Financial Results”). The 3Q22 Financial Results stated in relevant part:

We leverage our technology and ecommerce platform to reach continuing growth in our revenue, GMV and positive operating cash flows. Our revenue grew by approximately 23% in the third quarter of 2022, compared to the third quarter of 2021. During the third quarter of 2022, our GigaCloud 3P GMV continued to increase as a percentage of total GigaCloud Marketplace GMV, *demonstrating an increased economies of scale and user base achieved through our current marketplace model.* Coupled with our successful IPO and improvement in operating cash flows in the third quarter, our liquidity and capital resources also saw an increase, providing sufficient capital for us to pursue our business objectives. Going forward, we will continue to leverage our data driven solutions, technological capability and resources to expand and optimize our marketplace, gain market share and better serve our global customers with a stable and efficient B2B ecommerce platform.

42. The 3Q22 Financial Results continued:

Active buyers were 4,198 in the 12 months ended September 30, 2022, an increase of 36.2% from 3,082 in the 12 months ended September 30, 2021.

* * *

Total revenues were \$128.0 million in the third quarter of 2022, an increase of 23.4% from \$103.7 million in the third quarter of 2021. The increase was primarily due to an increase in service revenue from GigaCloud 3P and product revenue from GigaCloud 1P, partially offset by the decrease in product revenue from off-platform ecommerce.

* * *

Product revenue from GigaCloud 1P was \$58.2 million in the third quarter of 2022, increased by 30.5% from \$44.6 million in the third quarter of 2021. The increase was primarily due to an increase in

number of active buyers and better selection of products catering to buyers' preference.

43. On March 17, 2023, GigaCloud announced its unaudited financial results for the quarter and fiscal year ended December 31, 2022 in a press release submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer ("4Q22 Financial Results"). The 4Q22 Financial Results stated in relevant part:

Total revenues were \$125.6 million in the fourth quarter of 2022, an increase of 20.5% from \$104.2 million in the fourth quarter of 2021. **Total revenues** were \$490.1 million for the full year of 2022, an increase of 18.3% from \$414.2 million for the full year of 2021.

* * *

Net income was \$12.5 million in the fourth quarter of 2022, an increase of 34.2% from \$9.3 million in the fourth quarter of 2021. **Net income** was \$24.0 million for the full year of 2022, a decrease of 18.1% from \$29.3 million for the full year of 2021.

* * *

Active buyers were 4,156 in the 12 months ended December 31, 2022, an increase of 16.5% from 3,566 in the 12 months ended December 31, 2021.

44. The 4Q22 Financial Results also stated:

Total revenues were \$125.6 million in the fourth quarter of 2022, increased by 20.5% from \$104.2 million in the fourth quarter of 2021. The increase was primarily due to an increase in service revenue from GigaCloud 3P and product revenue from both GigaCloud 1P and off-platform ecommerce.

- *Service revenue from GigaCloud 3P was \$36.1 million in the fourth quarter of 2022, increased by 35.7% from \$26.6 million in the fourth quarter of 2021. The increase was primarily due to*

provision of third-party logistics services to certain existing and new customers.

45. On April 24, 2023, GigaCloud submitted its Annual report on Form 20-F with the SEC (the “2023 20-F”). The 2023 20-F stated in relevant part:

In 2020, 2021 and 2022, *we continued to increase the use of self-owned and operated, cost-efficient high capacity trucks* to replace some, but not all, of our third-party outsourced trucks to further enhance transportation efficiency.

46. The 2023 20-F continued to describe the Company’s revenue:

To enhance our marketplace experience, we sell our own inventory, or 1P, through the GigaCloud Marketplace and to and through third-party ecommerce websites, such as Rakuten in Japan, Amazon and Walmart in the U.S. and Wayfair in the U.K. *These 1P revenues expand our market presence, reduce inventory and logistics risk for sellers, create more products for buyers, drive volume-based cost efficiencies for sourcing products, provide us with proprietary data and increase the velocity of sales on our marketplace. 1P revenues through the GigaCloud Marketplace and to and through third-party ecommerce websites represented 78.2%, 76.3% and 71.3% of total revenues in 2020, 2021 and 2022, respectively.* As our GigaCloud Marketplace continues to grow, we expect 1P revenues as a percentage of total revenues to decline over time.

* * *

We leverage *our proprietary data and AI to accelerate the network effects in our marketplace.* As our marketplace grows, we accumulate user and product data to develop analytical and predicative tools such as product sales forecasts. This information is valuable to our sellers as it allows them to efficiently manage inventory and pricing.

47. The 2023 20-F also set out “Major Shareholders and Related Party Transactions” as well as “Board Practices” on the issue of related party transactions, which include that “if such contract or arrangement is a transaction

1 with a related party, such transaction has been approved by the audit committee.”

2 The 2023 20-F goes on to describe the Company’s Corporate Structure thusly:

3
4 GigaCloud Technology Inc is a holding company incorporated in the
5 Cayman Islands that does not have substantive operations and is not a
6 direct Chinese or Hong Kong operating company. As of the date of this
7 annual report, we conduct our business operations across 14
8 subsidiaries and four consolidated VIEs, among those, nine of which
9 are our principal subsidiaries and three of which are our principal
10 consolidated VIEs. We also have two equity incentive trusts which are
11 treated as consolidated VIEs under U.S. GAAP.

12 48. On May 24, 2023, GigaCloud announced its unaudited financial
13 results for the quarter ended March 31, 2023 in a press release submitted to the
14 SEC as part of a Form 6-K, Report of Foreign Issuer (“1Q23 Financial Results”).
15 The 1Q23 Financial Results described the quarter as providing “record breaking
16 financial and operation results through our relentless focus on execution.” The
17 1Q23 Financial Results reported:

- 18 • Total revenues were \$127.8 million in the first quarter of 2023, an
19 increase of 13.7% from \$112.4 million in the first quarter of 2022.
- 20 • Gross profit was \$29.6 million in the first quarter of 2023, an
21 increase of 75.3% from \$16.9 million in the first quarter of 2022.
22 Gross margin increased to 23.1% in the first quarter of 2023,
23 compared to 15.0% in the first quarter of 2022.
- 24 • Net income was \$15.9 million in the first quarter of 2023, an
25 increase of 236.4% from \$4.7 million in the first quarter of 2022.

26 49. The 1Q23 Financial Results represents that the Company had **4,255**
27 **“Active buyers” in the 12 months ended March 31, 2023**, “an increase of 12.5%
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1 from 3,782 in the 12 months ended March 31, 2022”. The 1Q23 Financial Results
2 represented:

3
4 Product revenue from GigaCloud 1P was \$61.4 million in the first
5 quarter of 2023, increased by 13.2% from \$54.3 million in the first
6 quarter of 2022. The increase was primarily due to an increase in spend
per active buyer.

7 50. On August 15, 2023, GigaCloud announced its unaudited financial
8 results for the quarter and six months ended June 30, 2023 in a press release
9 submitted to the SEC as part of a Form 6-K, Report of Foreign Issuer (“2Q23
10 Financial Results”). The 2Q23 Financial Results stated:

- 12 • Total revenues were \$153.1 million in the second quarter of 2023,
13 an increase of 23.5% from \$124.0 million in the second quarter of
14 2022.
- 15 • Gross profit was \$40.4 million in the second quarter of 2023, an
16 increase of 137.1% from \$17.0 million in the second quarter of
17 2022. Gross margin increased to 26.4% in the second quarter of
2023 from 13.7% in the second quarter of 2022.
- 18 • Net income was \$18.4 million in the second quarter of 2023, an
19 increase of 201.5% from \$6.1 million in the second quarter of 2022.

20 ***Active buyers were 4,351 in the 12 months ended June 30, 2023,*** an
21 increase of 7.1% from 4,061 in the 12 months ended June 30, 2022.

22 51. The 2Q23 Financial Results quoted Defendant Wu, who commented:
23 “We are thrilled with our results for the first half of 2023, especially our
24 tremendous period-over-period net income growth of over 200% and another
25 consecutive quarter of generating record profitability.”
26

27 52. The 2Q23 Financial Results went on to state:
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1 Total revenues were \$153.1 million in the second quarter of 2023,
 2 increased by 23.5% from \$124.0 million in the second quarter of 2022.
 3 The increase was primarily due to an increase in market demand for
 4 large parcel merchandise, leading to increases in our GigaCloud
 Marketplace GMV, sales volume and number of sellers and buyers.

5 Service revenue from GigaCloud 3P was \$43.3 million in the second
 6 quarter of 2023, increased by 31.9% from \$32.8 million in the second
 7 quarter of 2022. ***The increase was primarily due to an increase in***
 8 ***revenue from last-mile delivery services by 69.2% from \$13.5 million***
 9 ***in the second quarter of 2022 to \$22.9 million in the second quarter***
 10 ***of 2023 and an increase in revenue from warehouse services by 62.1%***
 11 ***from \$3.3 million in the second quarter of 2022 to \$5.3 million in the***
 12 ***second quarter of 2023.*** These increases were partially offset by a
 decrease in revenue from ocean transportation services by 61.8% from
 \$10.2 million in the second quarter of 2022 to \$3.9 million in the second
 quarter of 2023, primarily due to the decrease in ocean freight costs
 which drove down our prices.

13 53. The above statements identified in ¶¶ 39-52 were materially false
 14 and/or misleading and failed to disclose material adverse facts about the
 15 Company's business, operations, and prospects. Specifically, GigaCloud and the
 16 Exchange Act Individual Defendants failed to disclose to investors: (i) that the
 17 Company's business is a fraction of what it publicly claims, as evidenced by
 18 staffing and activity levels at its warehouses; (ii) that the Company overstated its
 19 last-mile operations; (iii) that the Company engaged in undisclosed related party
 20 transactions; (iv) that, as a result, the Company's financial results were overstated;
 21 and (v) that, as a result of the foregoing, GigaCloud and the Exchange Act
 22 Individual Defendants' positive statements about the Company's business,
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operations, and prospects were materially misleading and/or lacked a reasonable basis.

The Truth Emerges

54. On September 28, 2023, before markets opened, Culper Research published the Report alleging that “the Company’s business is a fraction of what it has claimed.” Specifically, the Report identified a number of indications that GigaCloud is grossly overstating its total market of product sourcing, warehousing and last-mile delivery.

55. Concluding that there is a high probability that GigaCloud is overstating the effectiveness, staffing and revenue derived from its warehouses, the Report stated:

GigaCloud claims to run 14 U.S. warehouses yet *the Company discloses just 73 employees in the entire U.S., implying just 5 employees per warehouse. Simply put, we don’t think it’s at all possible to profitably run 14 warehouses with over 3.7 million square feet which supposedly distribute hundreds of millions of dollars of furniture with this few people.* Comparable warehousing and fulfillment operations we reviewed typically hire hundreds if not thousands of employees at each warehouse. *Sat side by side, GigaCloud’s claims imply that the Company is 10x to 100x more efficient than both furniture distribution and e-commerce peers such as Amazon, Walmart, Wayfair, and Ashley Furniture.*

* * *

However, *our September 2023 visits to the Company’s actual warehouses revealed a much different picture: we staked out GigaCloud’s 9 warehouses in its two main east coast (New Jersey) and west coast (California) regions and saw laughably sparse activity.*

1 For example, at one warehouse in New Jersey, our investigator sat for
2 3 hours – during weekday business hours – and saw only a single
3 GigaCloud delivery truck. At another location in California, our
4 investigators did see a handful of overseas shipping containers being
5 unloaded, but the unloaded cardboard boxes then sat strewn in the
6 loading bay for hours without being sorted.

7 56. The Report compared GigaCloud’s warehouse employment numbers
8 to other companies: “[I]ndustry sources suggest that a typical warehouse or
9 fulfillment center *employs one employee for every 1,000-1,500 square feet of*
10 *warehouse space*, or 1,000 employees for every million square feet of warehouse
11 space”. Meanwhile, “[t]he *Company’s Form 20-F discloses just 88 employees in*
12 *operations worldwide, and just 73 in the U.S. across all departments.*” The Report
13 stated:
14

15 GigaCloud baldly claims to operate 14 distribution centers in the U.S.
16 totaling over *3.7M million square feet using a maximum of just 73*
17 *employees*. Similarly, we believe the Company’s global operational
18 staff of just 88 is wholly insufficient to operate 21 total warehouses
19 globally.

20 57. The Report described investigating these warehouses and finding a
21 paucity of activity. As the Report described:

22 As such, in September 2023, we sent investigators to each of
23 GigaCloud’s 9 warehouses concentrated in New Jersey (4 sites) and
24 California (5 sites). *Our investigators sat at each location for 3 hours*
25 *during normal business hours over the course of several business*
26 *days, and found that in contrast to GigaCloud’s portrayal of its*
27 *operations as large and growing, the locations held sparse activity.*

28 58. The Report described in detail each warehouse which was surveilled
for a number of hours over a period of days and weeks, such that “the activity levels

we witnessed were *nowhere near commensurate* with the Company's reported financials."

59. Further, the Report alleged that GigaCloud's last-mile delivery business, which GigaCloud reported to have grown to over \$80 million in LTM revenue, is in fact a "meager operation" which "has just 5 vehicles registered with the Department of Transportation ('DOT')".

GigaCloud's Department of Transportation registration information discloses that the Company's GigaCloud's logistics subsidiary (a VIE owned by Kunming Xu) *held just 7 trucks ("power units") and 5 drivers which travelled a collective 30,000 miles in 2021.*

* * *

While the Company has at times claimed that it also partners with third-party last-mile delivery operators, a former GCT executive told us that as of Q2 2022 (the last quarter they were at the Company), GCT used only its own trucks and drivers, stating, "Everything was their [GCT's] own employees on their own trucks."

60. The Report goes on to describe how, even assuming GCT's last-mile claims are accurate, they fall short of the reported \$80 million in revenue:

Assuming GCT's Last-mile Claims are Accurate...	
Annual last-mile revenues (2022)	\$62,745,000
Monthly last-mile revenues	\$5,228,750
Estimated fees earned per delivery	\$150
Implied deliveries per month	34,858
Implied deliveries per day	1,162

* * *

Last Mile Delivery (est. as of Q2 2022)	California	New Jersey	Total
Average fees per delivery	\$150	\$150	\$150
Deliveries per month	600	300	900
Monthly revenues	\$90,000	\$45,000	\$135,000
Annual revenues	\$1,080,000	\$540,000	\$1,620,000

61. The Report's allegations were further bolstered by GigaCloud's own employees, including a former executive, who were interviewed for the Report:

One former executive estimated that as of mid-2022, GCT's last mile business was completing ***just 900 deliveries per month using 9 trucks.*** Using GCT's own pricing sheets at an estimated \$150 per delivery, ***this implies annualized revenues of just \$1.6 million.*** A second former employee told us that by year-end 2022, ***GCT was completing just 100 to 150 deliveries per day from its California base, which we estimate implies just \$20 to \$30 million in annualized U.S. last-mile revenues, again a fraction of GCT's reported numbers.***

62. The Report went on to describe interviews with GigaCloud's former employees who claimed "GigaCloud lost money in last-mile, given the relative lack of scale of its distribution network and the Company's promises to deliver anywhere for a flat rate." As described in the Report:

Former employees we spoke with also portrayed GCT's last-mile operation as ***incredibly inefficient***, despite the Company's claims to the contrary. For example, a shipment might arrive from China at a GigaCloud warehouse in California, but this order requires final delivery in Michigan, requiring a cross-country trip at GigaCloud's promised flat rate. ***One former employee opined, "they had to be losing money... on average, they're losing to \$50 to \$100 per delivery."***

63. The Report further alleged that GigaCloud’s “supposed artificial intelligence technology” which President Iman Schrock stated managed to “transform the entire supply chain” by “continuously optimiz[ing] economies of scale” is likely highly exaggerated, if it exists at all. As the Report stated:

GCT itself *doesn’t even disclose software development expenses or capitalized software costs* in its financial statements, and *we couldn’t find a single GCT employee on LinkedIn or otherwise who claimed to have developed any AI for the Company.*

64. The Report also alleged that investigations into GigaCloud uncovered a pattern of potential “undisclosed related party issues”:

We’ve also uncovered numerous entities which are *neither named subsidiaries nor disclosed as GCT related parties, yet which name GCT insiders including CEO Lei (Larry) Wu, GCT’s former CFO Joseph Huang, and GCT employee Kunming Xu on corporate documents.* These entities appear to be engaged in the furniture trading business by way of their own separate Amazon and Walmart storefronts, their own furniture imports, and even their own warehouses. At the very least, we think the very existence of these entities suggests undisclosed related party issues, and in the worst case, might suggest more nefarious schemes.

65. The Report goes on to detail numerous entities which “appear to be tied to GCT insiders” who engaged in a “variety of apparent related-party businesses” never disclosed. These entities included Nixxon Digital Marketing, formed prior to GigaCloud’s entry into the U.S., which listed “several GigaCloud insiders, including long-time employee Kunming Xu and former CFO Joseph Huang.” Kunming in particular is shown to have held the position of president, secretary, treasurer and director, simultaneously, from July 2013 until October

2018. During that same period, Defendant Huang acted as agent before being replaced with a generic “Registered Agents Inc.”

66. The Report also described how a similar company, Nisson Trading, also “previously listed GigaCloud employee Kunming Xu as agent” before replacing him with the “generic officer, Registered Agents Inc,” “adding an additional layer of opacity to the entity.”

67. The Report set out how “Nixxon and Nisson have taken *hundreds of imports* from many of the very same Chinese suppliers that GCT’s *disclosed* subsidiaries – Tmall and Comptree – have imported from” as shown in here:

	Tmall (subsidiary)	Comptree (subsidiary)	Nisson (undisclosed)	Nixxon (undisclosed)
Jiaxing Hifine International Enterprise	363			454
Chuangyuan Smart Home Dongguan	118			115
Leatly Industrial Development	25			675
Yangzhou Kangle Machinery	61	156		309
Shandong Joysource Wood	119			177
Yichun Huaxiang Furniture	2			157
Idea Industrial International		149	67	
Shine Wood International		150	40	15
Ningbo Zhenhai Liduoyi Trade	17		28	85
Linyi Tongkaiju Import & Export	52		18	

68. The Report went further, stating:

Our related party concerns span not only the import of furniture, but how furniture also appears to be being sold. To that end, Orien Life Corp was incorporated in Nevada in December 2016. The entity is not named anywhere in GCT filings, yet once again listed GigaCloud CEO Lei Wu as President and former GCT CFO Huang as Treasurer.

69. As shown in the Report, Orien Life Corp “does appear to run several furniture-oriented ecommerce storefronts, including on Amazon and Walmart” which presented additional issues as detailed in the Report:

We originally suspected that Orien might simply represent GigaCloud’s own IP storefronts, but see that GigaCloud’s actual named subsidiaries do instead hold their own storefronts. For example: Tmall is a disclosed GCT subsidiary and sells Merax luggage through an Amazon storefront, while Oriental Standard is also a disclosed GCT subsidiary which sells through a separate Amazon storefront. *It’s unclear to us why GigaCloud might require multiple Amazon storefronts of its own, or even if such an arrangement might flaunt Amazon’s selling policies[.]*

* * *

Orien also lists an address at 2657 Windmill Parkway, Suite 393, Henderson, Nevada, which directs to a ***UPS dropbox / virtual address***. It’s unclear to us why GigaCloud would need to operate through this address, were Orien to be a GCT subsidiary. Instead, this again suggests to us that it’s an ***undisclosed related party***.

70. The Report went on to discuss even more suspected related parties, including Orien Home Corp, which also directs to a virtual address at a UPS store, and which listed GigaCloud’s former CFO, Defendant Huang as president, treasurer, and director before later replacing him with Shoujian Wang in November 2020. The Report continued to list these suspected related parties:

Finally, both “Suki L INC” and “Kim Z INC” were incorporated in Colorado on the same day: March 26, 2021, and ***each list Shoujian Wang - who was also listed on Orien Home Corp’s documents as of January 2021 - as representative***. Suki LINC discloses an address in Denver, which directs to a small 10,000 sqft warehouse. Similarly, Kim Z INC lists a separate address in Commerce City, CO, which similarly

1 leads back to a small industrial park. To our knowledge, GigaCloud has
2 not disclosed any warehouse presence in Colorado, ruling out the
3 possibility that these two entities are in fact GCT's own undisclosed
4 subsidiaries.

5 * * *

6 Just as we saw for Nixxon and Nisson, beginning in April 2021, Kim Z
7 began receiving shipments from China, and has since received 79
8 shipments, consisting of furniture, kitchen wares, and similar products.

9 * * *

10 Similarly, beginning in May 2021 through the present, Suki L has
11 received 188 shipments from China, consisting largely of furniture such
12 as tables, lampshades, and drawers:

13 71. The Report summarized Culper Research's findings thusly:

14 [W]e have uncovered what appears to be several entities which list
15 several different GigaCloud insiders and former insiders on their
16 documents. ***These entities have never been disclosed by GigaCloud as***
17 ***subsidiaries, nor have they been otherwise mentioned in GigaCloud's***
18 ***filings as related parties, business partners, or otherwise.*** Yet they
19 appear to be engaged in the very same business as GigaCloud, namely
20 the import and online sales of furniture. We think this pattern deserves
21 a full explanation by the Company.

22 72. The Report concluded thatt "GigaCloud exhibits multiple hallmarks
23 of previous "China Hustle" stocks."

24 73. On this news, the Company's share price fell \$1.78, or more than 18%,
25 to close at \$7.69 per share on September 28, 2023, on unusually heavy trading
26 volume.

1 74. By the commencement of this action, GigaCloud's shares have closed
2 as low as \$4.27 per share, a 65% decline from the \$12.25 per share IPO price.

3
4 **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

5 75. Plaintiff brings this action as a class action pursuant to Federal Rule
6 of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons
7 and entities that purchased or otherwise acquired GigaCloud: (a) Class A ordinary
8 shares pursuant and/or traceable to the Company's false and/or misleading
9 Registration Statement issued in connection with the Company's IPO; and/or (b)
10 securities during the Class Period; and who were damaged thereby (the "Class").
11 Excluded from the Class are Defendants, the officers and directors of the Company,
12 at all relevant times, members of their immediate families and their legal
13 representatives, heirs, successors, or assigns, and any entity in which Defendants
14 have or had a controlling interest.

15
16 76. The members of the Class are so numerous that joinder of all members
17 is impracticable. While the exact number of Class members is unknown to Plaintiff
18 at this time and can only be ascertained through appropriate discovery, Plaintiff
19 believes that there are at least hundreds or thousands of members in the proposed
20 Class. The Company sold 3,381,000 Class A ordinary shares in the IPO.
21 Moreover, record owners and other members of the Class may be identified from
22 records maintained by GigaCloud or its transfer agent and may be notified of the
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pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

77. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

78. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

79. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether the Registration Statement, statements made by Defendants to the investing public in connection with the Company's IPO, and statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of GigaCloud; and
- to what extent the members of the Class have sustained damages and the proper measure of damages.

80. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members

1 may be relatively small, the expense and burden of individual litigation makes it
2 impossible for members of the Class to individually redress the wrongs done to
3 them. There will be no difficulty in the management of this action as a class action.
4

5 81. The market for GigaCloud's securities was open, well-developed and
6 efficient at all relevant times. As a result of the materially false and/or misleading
7 statements and/or failures to disclose, GigaCloud's securities traded at artificially
8 inflated prices during the Class Period. On August 19, 2022, the Company's share
9 price closed at a Class Period high of \$48.01 per share.
10

11 82. Plaintiff and other members of the Class purchased or otherwise
12 acquired the Company's securities relying upon the integrity of the market price of
13 GigaCloud's securities and market information relating to GigaCloud, and have
14 been damaged thereby.
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17 83. During the Class Period, the artificial inflation of GigaCloud's shares
18 was caused by the material misrepresentations and/or omissions particularized in
19 this Complaint causing the damages sustained by Plaintiff and other members of
20 the Class. As described herein, during the Class Period, Defendants made or caused
21 to be made a series of materially false and/or misleading statements about
22 GigaCloud's business, prospects, and operations. These material misstatements
23 and/or omissions created an unrealistically positive assessment of GigaCloud and
24 its business, operations, and prospects, thus causing the price of the Company's
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securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company's shares. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

84. At all relevant times, the market for GigaCloud's securities was an efficient market for the following reasons, among others:

- GigaCloud shares met the requirements for listing, and were listed and actively traded on the NASDAQ, a highly efficient and automated market;
- As a regulated issuer, GigaCloud filed periodic public reports with the SEC and/or the NASDAQ;
- GigaCloud regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or
- GigaCloud was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

85. As a result of the foregoing, the market for GigaCloud's securities promptly digested current information regarding GigaCloud from all publicly available sources and reflected such information in GigaCloud's share price. Under

1 these circumstances, all purchasers of GigaCloud's securities during the Class
2 Period suffered similar injury through their purchase of GigaCloud's securities at
3 artificially inflated prices and a presumption of reliance applies.
4

5 86. A Class-wide presumption of reliance is also appropriate in this action
6 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United*
7 *States*, 406 U.S. 128 (1972), because the Class's claims are, in large part, grounded
8 on Defendants' material misstatements and/or omissions. Because this action
9 involves Defendants' failure to disclose material adverse information regarding the
10 Company's business operations and financial prospects—information that
11 Defendants were obligated to disclose—positive proof of reliance is not a
12 prerequisite to recovery. All that is necessary is that the facts withheld be material
13 in the sense that a reasonable investor might have considered them important in
14 making investment decisions. Given the importance of the Class Period material
15 misstatements and omissions set forth above, that requirement is satisfied here.
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19

20 **UNDISCLOSED ADVERSE FACTS**

21 87. The market for GigaCloud's securities was open, well-developed and
22 efficient at all relevant times. As a result of these materially false and/or misleading
23 statements, and/or failures to disclose, GigaCloud's securities traded at artificially
24 inflated prices during the Class Period. Plaintiff and other members of the Class
25 purchased or otherwise acquired GigaCloud's securities relying upon the integrity
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1 of the market price of the Company's securities and market information relating to
2 GigaCloud, and have been damaged thereby.

3
4 88. During the Class Period, Defendants materially misled the investing
5 public, thereby inflating the price of GigaCloud's securities, by publicly issuing
6 false and/or misleading statements and/or omitting to disclose material facts
7 necessary to make Defendants' statements, as set forth herein, not false and/or
8 misleading. The statements and omissions were materially false and/or misleading
9 because they failed to disclose material adverse information and/or misrepresented
10 the truth about GigaCloud's business, operations, and prospects as alleged herein.
11
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13 89. At all relevant times, the material misrepresentations and omissions
14 particularized in this Complaint directly or proximately caused or were a
15 substantial contributing cause of the damages sustained by Plaintiff and other
16 members of the Class. As described herein, during the Class Period, Defendants
17 made or caused to be made a series of materially false and/or misleading statements
18 about GigaCloud's financial well-being and prospects. These material
19 misstatements and/or omissions had the cause and effect of creating in the market
20 an unrealistically positive assessment of the Company and its financial well-being
21 and prospects, thus causing the Company's securities to be overvalued and
22 artificially inflated at all relevant times. Defendants' materially false and/or
23 misleading statements during the Class Period resulted in Plaintiff and other
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1 members of the Class purchasing the Company's securities at artificially inflated
2 prices, thus causing the damages complained of herein when the truth was revealed.

3 4 **LOSS CAUSATION**

5 90. Defendants' wrongful conduct, as alleged herein, directly and
6 proximately caused the economic loss suffered by Plaintiff and the Class.

7
8 91. During the Class Period, Plaintiff and the Class purchased
9 GigaCloud's securities at artificially inflated prices and were damaged thereby.
10 The price of the Company's securities significantly declined when the
11 misrepresentations made to the market, and/or the information alleged herein to
12 have been concealed from the market, and/or the effects thereof, were revealed,
13 causing investors' losses.
14

15 16 **SCIENTER ALLEGATIONS**

17 92. As alleged herein, GigaCloud and the Exchange Act Individual
18 Defendants acted with scienter since they knew that the public documents and
19 statements issued or disseminated in the name of the Company were materially
20 false and/or misleading; knew that such statements or documents would be issued
21 or disseminated to the investing public; and knowingly and substantially
22 participated or acquiesced in the issuance or dissemination of such statements or
23 documents as primary violations of the federal securities laws. As set forth
24 elsewhere herein in detail, the Exchange Act Individual Defendants, by virtue of
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1 their receipt of information reflecting the true facts regarding GigaCloud, their
2 control over, and/or receipt and/or modification of GigaCloud's allegedly
3 materially misleading misstatements and/or their associations with the Company
4 which made them privy to confidential proprietary information concerning
5 GigaCloud, participated in the fraudulent scheme alleged herein.
6

7
8 **NO SAFE HARBOR**

9 93. The statutory safe harbor provided for forward-looking statements
10 under certain circumstances does not apply to any of the allegedly false statements
11 pleaded in this Complaint. The statements alleged to be false and misleading herein
12 all relate to then-existing facts and conditions. In addition, to the extent certain of
13 the statements alleged to be false may be characterized as forward-looking, they
14 were not identified as "forward-looking statements" when made and there were no
15 meaningful cautionary statements identifying important factors that could cause
16 actual results to differ materially from those in the purportedly forward-looking
17 statements. In the alternative, to the extent that the statutory safe harbor is
18 determined to apply to any forward-looking statements pleaded herein, Defendants
19 are liable for those false forward-looking statements because at the time each of
20 those forward-looking statements was made, the speaker had actual knowledge that
21 the forward-looking statement was materially false or misleading, and/or the
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1 forward-looking statement was authorized or approved by an executive officer of
2 GigaCloud who knew that the statement was false when made.

3
4 **COUNT I**

5 **(Violations of Section 11 of the Securities Act Against All Defendants)**

6 94. Plaintiff repeats and re-alleges each and every allegation contained
7 above as if fully set forth herein.

8
9 95. This Count is brought pursuant to Section 11 of the Securities Act, 15
10 U.S.C. § 77k, on behalf of the Class, against the Defendants.

11
12 96. The Registration Statement for the IPO was inaccurate and
13 misleading, contained untrue statements of material facts, omitted to state other
14 facts necessary to make the statements made not misleading, and omitted to state
15 material facts required to be stated therein.

16
17 97. GigaCloud is the registrant for the IPO. The Defendants named herein
18 were responsible for the contents and dissemination of the Registration Statement.

19
20 98. As issuer of the shares, GigaCloud is strictly liable to Plaintiff and the
21 Class for the misstatements and omissions.

22
23 99. None of the Defendants named herein made a reasonable investigation
24 or possessed reasonable grounds for the belief that the statements contained in the
25 Registration Statement were true and without omissions of any material facts and
26 were not misleading
27

100. By reasons of the conduct herein alleged, each Defendant violated, and/or controlled a person who violated Section 11 of the Securities Act.

101. Plaintiff acquired GigaCloud shares pursuant and/or traceable to the Registration Statement for the IPO.

102. Plaintiff and the Class have sustained damages. The value of GigaCloud Class A ordinary shares has declined substantially subsequent to and due to the Defendants' violations.

COUNT II

**(Violations of Section 15 of the Securities Act Against the Securities Act
Individual Defendants)**

103. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

104. This Count is asserted against the Securities Act Individual Defendants and is based upon Section 15 of the Securities Act.

105. The Securities Act Individual Defendants, by virtue of their offices, directorship, and specific acts were, at the time of the wrongs alleged herein and as set forth herein, controlling persons of GigaCloud within the meaning of Section 15 of the Securities Act. The Securities Act Individual Defendants had the power and influence and exercised the same to cause GigaCloud to engage in the acts described herein.

106. The Securities Act Individual Defendants' positions made them privy to and provided them with actual knowledge of the material facts concealed from Plaintiff and the Class.

107. By virtue of the conduct alleged herein, the Securities Act Individual Defendants are liable for the aforesaid wrongful conduct and are liable to Plaintiff and the Class for damages suffered.

COUNT III

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against GigaCloud and the Exchange Act Individual Defendants)

108. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

109. During the Class Period, GigaCloud and the Exchange Act Individual Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other members of the Class to purchase GigaCloud's securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, GigaCloud and the Exchange Act Individual Defendants, and each defendant, took the actions set forth herein.

110. GigaCloud and the Exchange Act Individual Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material

1 fact and/or omitted to state material facts necessary to make the statements not
2 misleading; and (iii) engaged in acts, practices, and a course of business which
3 operated as a fraud and deceit upon the purchasers of the Company's securities in
4 an effort to maintain artificially high market prices for GigaCloud's securities in
5 violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated
6 thereunder. GigaCloud and the Exchange Act Individual Defendants are sued
7 either as primary participants in the wrongful and illegal conduct charged herein or
8 as controlling persons as alleged below.

11
12 111. GigaCloud and the Exchange Act Individual Defendants, individually
13 and in concert, directly and indirectly, by the use, means or instrumentalities of
14 interstate commerce and/or of the mails, engaged and participated in a continuous
15 course of conduct to conceal adverse material information about GigaCloud's
16 financial well-being and prospects, as specified herein.

18
19 112. GigaCloud and the Exchange Act Individual Defendants employed
20 devices, schemes and artifices to defraud, while in possession of material adverse
21 non-public information and engaged in acts, practices, and a course of conduct as
22 alleged herein in an effort to assure investors of GigaCloud's value and
23 performance and continued substantial growth, which included the making of, or
24 the participation in the making of, untrue statements of material facts and/or
25 omitting to state material facts necessary in order to make the statements made
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1 about GigaCloud and its business operations and future prospects in light of the
2 circumstances under which they were made, not misleading, as set forth more
3 particularly herein, and engaged in transactions, practices and a course of business
4 which operated as a fraud and deceit upon the purchasers of the Company's
5 securities during the Class Period.
6

7
8 113. Each of the Exchange Act Individual Defendants' primary liability
9 and controlling person liability arises from the following facts: (i) the Exchange
10 Act Individual Defendants were high-level executives and/or directors at the
11 Company during the Class Period and members of the Company's management
12 team or had control thereof; (ii) each of these defendants, by virtue of their
13 responsibilities and activities as a senior officer and/or director of the Company,
14 was privy to and participated in the creation, development and reporting of the
15 Company's internal budgets, plans, projections and/or reports; (iii) each of these
16 defendants enjoyed significant personal contact and familiarity with the other
17 defendants and was advised of, and had access to, other members of the Company's
18 management team, internal reports and other data and information about the
19 Company's finances, operations, and sales at all relevant times; and (iv) each of
20 these defendants was aware of the Company's dissemination of information to the
21 investing public which they knew and/or recklessly disregarded was materially
22 false and misleading.
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1 114. GigaCloud and the Exchange Act Individual Defendants had actual
2 knowledge of the misrepresentations and/or omissions of material facts set forth
3 herein, or acted with reckless disregard for the truth in that they failed to ascertain
4 and to disclose such facts, even though such facts were available to them. Such
5 defendants' material misrepresentations and/or omissions were done knowingly or
6 recklessly and for the purpose and effect of concealing GigaCloud's financial well-
7 being and prospects from the investing public and supporting the artificially
8 inflated price of its securities. As demonstrated by Defendants' overstatements
9 and/or misstatements of the Company's business, operations, financial well-being,
10 and prospects throughout the Class Period, GigaCloud and the Exchange Act
11 Individual Defendants, if they did not have actual knowledge of the
12 misrepresentations and/or omissions alleged, were reckless in failing to obtain such
13 knowledge by deliberately refraining from taking those steps necessary to discover
14 whether those statements were false or misleading.
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20 115. As a result of the dissemination of the materially false and/or
21 misleading information and/or failure to disclose material facts, as set forth above,
22 the market price of GigaCloud's securities was artificially inflated during the Class
23 Period. In ignorance of the fact that market prices of the Company's securities
24 were artificially inflated, and relying directly or indirectly on the false and
25 misleading statements made by GigaCloud and the Exchange Act Individual
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1 Defendants, or upon the integrity of the market in which the securities trade, and/or
2 in the absence of material adverse information that was known to or recklessly
3 disregarded by GigaCloud and the Exchange Act Individual Defendants, but not
4 disclosed in public statements by GigaCloud and the Exchange Act Individual
5 Defendants during the Class Period, Plaintiff and the other members of the Class
6 acquired GigaCloud's securities during the Class Period at artificially high prices
7 and were damaged thereby.

10 116. At the time of said misrepresentations and/or omissions, Plaintiff and
11 other members of the Class were ignorant of their falsity, and believed them to be
12 true. Had Plaintiff and the other members of the Class and the marketplace known
13 the truth regarding the problems that GigaCloud was experiencing, which were not
14 disclosed by GigaCloud and the Exchange Act Individual Defendants, Plaintiff and
15 other members of the Class would not have purchased or otherwise acquired their
16 GigaCloud securities, or, if they had acquired such securities during the Class
17 Period, they would not have done so at the artificially inflated prices which they
18 paid.

22 117. By virtue of the foregoing, GigaCloud and the Exchange Act
23 Individual Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5
24 promulgated thereunder.

1 after these statements were issued and had the ability to prevent the issuance of the
2 statements or cause the statements to be corrected.

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4 121. In particular, the Exchange Act Individual Defendants had direct and
5 supervisory involvement in the day-to-day operations of the Company and,
6 therefore, had the power to control or influence the particular transactions giving
7 rise to the securities violations as alleged herein, and exercised the same.
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9 122. As set forth above, GigaCloud and the Exchange Act Individual
10 Defendants each violated Section 10(b) of the Exchange Act and Rule 10b-5
11 promulgated thereunder by their acts and omissions as alleged in this Complaint.
12 By virtue of their positions as controlling persons, the Exchange Act Individual
13 Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct
14 and proximate result of GigaCloud and the Exchange Act Individual Defendants'
15 wrongful conduct, Plaintiff and other members of the Class suffered damages in
16 connection with their purchases of the Company's securities during the Class
17 Period.
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21 **PRAYER FOR RELIEF**

22 **WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

23 A. Determining that this action is a proper class action under Rule 23 of
24 the Federal Rules of Civil Procedure;
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1 B. Awarding compensatory damages in favor of Plaintiff and the other
2 Class members against all defendants, jointly and severally, for all damages
3 sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial,
4 including interest thereon;

5
6 C. Awarding Plaintiff and the Class their reasonable costs and expenses
7 incurred in this action, including counsel fees and expert fees; and
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9 D. Such other and further relief as the Court may deem just and proper.

10 **DEMAND FOR TRIAL BY JURY**

11 Plaintiff hereby demands a trial by jury.

12
13 Dated: October 30, 2023

Respectfully submitted,

14 POMERANTZ LLP

15
16 /s/ Jennifer Pafiti

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